

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Mayville	County Tuscola
Fiscal Year End 03/31/07	Opinion Date 05/17/07	Date Audit Report Submitted to State 07/23/07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

2007

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	No issues found this year	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Gardner, Provenzano, Schauman & Thomas, P.C.		Telephone Number 989-790-3900	
Street Address 4855 State Street Suite Six		City Saginaw	State MI
Authorizing CPA Signature		Printed Name Heather A. Thomas	Zip 48603
		License Number 1101024719	

VILLAGE OF MAYVILLE
Mayville, Michigan

Financial Statements
March 31, 2007

VILLAGE OF MAYVILLE

MARCH 31, 2007

Officers

Clare Fryers

President

Judith Hartzell

Treasurer

James Welke

Clerk

Trustees

Kenneth McNinch

Roxann Hiiter

Suzette Bennett

Wanda Topham

Madia Atwell

Cheryl Piche

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Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

INDEPENDENT AUDITOR'S REPORT

May 17, 2007

Members of the Village Council
Village of Mayville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mayville, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the basic financial statements of the Village's primary government, as listed in the table of contents. These financial statements are the responsibility of the Village of Mayville, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Village of Mayville as of March 31, 2006, were audited by other auditors whose report dated June 5, 2006 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards prescribed by the State Treasurer, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mayville, Michigan, as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of the State Treasurer.

Members of the Village Council
Page Two
May 17, 2007

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2007, on our consideration of the Village of Mayville, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by accounting principles generally accepted in the United States of America; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mayville, Michigan's basic financial statements. The required supplemental information and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gardner, Provengano, Acherman & Thomas, P.C.

Certified Public Accountants

VILLAGE OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Overview of the Financial Statements

The Village of Mayville, Michigan's (the "Village") annual report consists of this analysis (management's discussion and analysis), government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

The previous year's audit did not include a management's discussion and analysis; therefore comparative condensed statements are not included. Comparative condensed statements will be included in future audits.

As allowed by GASB 34 for Phase Three governments, the Village of Mayville did not recognize infrastructure assets retroactively. The adoption of Governmental Accounting Standards Board's (GASB) Statement No. 34, among other changes, adds government-wide financial statements, which were designed to provide a broad overview of the Village's finances. The government-wide statements are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources as measured in the individual fund statements. These statements make a distinction between governmental activities for example public safety and public works, and business-type activities such as the provision of water and sewer service.

One government-wide statement, the statement of net assets, presents information on all of the Village's assets and liabilities with the difference shown as net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the Village's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net assets changed during the fiscal year. This statement provides information on income, expenses by function, and other increases or decreases in net assets.

Following the government-wide statements, individual fund financial statements are provided for the Village's major funds and compiled financial information is provided for non-major funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services for example public safety and public works and proprietary funds which account for business-type activities such as provision of water and sewer services.

Reconciliations between the individual fund statements and the government-wide financial statements are provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities in the government-wide statement of net assets, which are not included in the fund balance sheets. Other differences relate to the timing of reporting capital outlays and debt principal repayment in the fund statements and the timing of the recognition of certain revenues and expenditures such as lease proceeds and accrued interest in the individual fund statements versus the government-wide statements.

VILLAGE OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Position and Results of Operation for the Village as a Whole

Net assets may serve over time as a useful indicator of a government's financial position.

Investment in capital assets represents the cost of the assets (e.g. land, building, machinery and equipment); less any related debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

Management believes the negative balance in investment in capital assets – net of related debt is mainly due to the Village not retroactively recognizing infrastructure assets.

In a condensed format, the table below shows the net assets as of March 31, 2007.

	Government Activities	Business-type Activities	Total
Assets			
Current assets	\$ 352,938	\$ 351,344	\$ 704,282
Noncurrent assets	314,379	1,502,924	1,817,303
Total Assets	<u>\$ 667,317</u>	<u>\$ 1,854,268</u>	<u>\$ 2,521,585</u>
Liabilities			
Current liabilities	\$ 28,801	\$ 61,816	\$ 90,617
Long-term liabilities	1,227,835	515,000	1,742,835
Total Liabilities	<u>1,256,636</u>	<u>576,816</u>	<u>1,833,452</u>
Net Assets			
Investment in capital assets- net of related debt	(910,561)	937,924	27,363
Restricted for debt service	-	50,000	50,000
Unrestricted	321,242	289,528	610,770
Total Net assets	<u>\$ (589,319)</u>	<u>\$ 1,277,452</u>	<u>\$ 688,133</u>

VILLAGE OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Financial Position and Results of Operation for the Village as a Whole
(cont.)**

The table below presents the change in net assets for the year ended March 31, 2007.

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenue			
Charges for services	\$ 173,056	\$ 223,337	\$396,393
Operating grants and contributions	33,556	-	33,556
General revenue			
Property taxes	221,192	-	221,192
State shared revenue	209,422	-	209,422
County shared revenue	23,313	-	23,313
Unrestricted investment earnings	4,233	14,351	18,584
Gain (loss) on sale of capital assets	1,080	-	1,080
Other revenues	25,040	-	25,040
Total Revenues	690,892	237,688	928,580
Program Expenses			
General government	118,341	-	118,341
Public safety	206,265	-	206,265
Highways and Streets	110,725	-	110,725
Public works	150,917	-	150,917
Recreation and culture	14,811	-	14,811
Economic development-DDA	4,585	-	4,585
Interest on long term debt	56,789	-	56,789
Water and sewer	-	219,078	219,078
Total Program Expenses	662,433	219,078	881,511
Change in Net Assets	28,459	18,610	47,069
Net Assets-Beginning	(617,778)	1,258,842	641,064
Net Assets-Ending	\$ (589,319)	\$ 1,277,452	\$688,133

Governmental Activities

The Governmental activities of the Village had an increase of \$28,459 in net assets. This increase was attributed to the Village reducing the overall expenditure level below the anticipated reduction of State shared revenues.

Business-type Activities

The Village operates a water department and a sewer treatment facility. These departments operate from fees charged to the Village residents. Rates for these services are set to provide operations, maintenance, and payment of bond requirements. The water fund was able to achieve a positive change in net assets this fiscal year from an increase in water rates during the fiscal year and a

VILLAGE OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Financial Position and Results of Operation for the Village as a Whole
(cont.)**

Business-type Activities

trimming of the expense budget. The sewer fund had a decrease in net assets due to higher contractual expenses this year for testing of potential leaks in the sewer lagoon.

Analysis of Individual Funds

The general fund had an increase in fund balance of \$7,261. This was less than the budgeted increase of \$19,362. Most of that difference was due to the unbudgeted transfer of \$25,000 back to the DDA for property purchased in the prior fiscal year.

The major street fund realized a fund balance increase of \$11,082. The Village was able to keep expenditures at a minimum.

The local street fund has a small decrease of \$598 in fund balance which was close to the anticipated increase of \$578.

The DDA's fund balance increased \$31,155, which was less than the planned increase of \$57,129. The DDA had budgeted for a sale of property and at March 31, 2007, the property had not been sold.

The debt service increase in fund balance of \$12,423 was planned as it will be used to service future principal and interest on the storm sewer bonds.

General Operating Fund Budget Highlights

The original general fund budget was prepared based on actual results from the previous fiscal year.

The significant variances between the first and final budget are as follows:

Revenue

- The variance of \$11,000 in charges for services was due to a lower number of fire runs than estimated.

Expenditures

- The public safety line item was increased by \$11,607 mostly to accommodate major repairs on the police car.
- Capital outlay was decreased by \$10,999. This decrease was due to anticipated revenue to off set the expenditures not available for park improvements until the next fiscal year.

VILLAGE OF MAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

General Operating Fund Budget Highlights (cont.)

The significant variances between the final budget and actual results are as follows:

Revenue

- Charges for service revenue actual results were \$9,636 higher than budgeted. Most of this variance was due to audit adjustments to recognize billable runs not collected at March 31, 2007.

Expenditures

- The variance of \$9,051 in Village Property was due to an unbudgeted repair on the back hoe.
- The variance in capital outlay was due to many items not reaching the capital outlay threshold, and therefore posting to supplies. In addition, some equipment purchases were delayed until the next fiscal year.
- The variance in transfers out of \$25,000 was due to an audit adjustment.

Capital Asset and Debt Administration

The Village's investment in capital assets for its governmental and business-type activities as of March 31, 2007 amounted to \$1,767,303 (net of depreciation), which is an increase of \$13,243 or .7%. At the end of the current fiscal year, the Village had \$1,742,835 in outstanding debt.

Significant capital outlay occurred in the water fund in the amount of \$37,698 in engineering fees for the arsenic treatment project.

More detailed information about capital assets and long-term debt is in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Village of Mayville is in the process of hiring a new Village Manager. The Village Council is reviewing bids and applying for funding for the water fund's arsenic treatment project.

Contacting the Village's Financial Management

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the Village's investors and creditors. If you have any questions about this report or need additional financial information, contact the Village Clerk, P.O. Box 249, 297 E. Ohmer Road, Mayville, Michigan 48744-0249.

VILLAGE OF MAYVILLE
STATEMENT OF NET ASSETS
MARCH 31, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 220,221	\$ 224,400	\$ 444,621
Accounts receivable	7,480	87,600	95,080
Other assets	25,672	-	25,672
Due from other funds	18,619	39,344	57,963
Due from other governmental units	70,674	-	70,674
Prepaid expenses	10,272	-	10,272
Total Current Assets	352,938	351,344	704,282
Noncurrent Assets			
Restricted assets-investment	-	50,000	50,000
Net capital assets	314,379	1,452,924	1,767,303
Total Noncurrent Assets	314,379	1,502,924	1,817,303
Total Assets	667,317	1,854,268	2,521,585
LIABILITIES			
Current Liabilities			
Accounts payable	11,921	3,853	15,774
Accrued expenses	3,506	-	3,506
Due to other funds	-	57,963	57,963
Deferred revenue	13,374	-	13,374
Total Current Liabilities	28,801	61,816	90,617
Noncurrent liabilities			
Due within one year	33,941	30,000	63,941
Due in more than one year	1,193,894	485,000	1,678,894
Total Noncurrent Liabilities	1,227,835	515,000	1,742,835
Total Liabilities	1,256,636	576,816	1,833,452
NET ASSETS			
Invested in capital assets, net of related debt	(910,561)	937,924	27,363
Restricted for debt service	-	50,000	50,000
Unrestricted	321,242	289,528	610,770
Total Net Assets	\$ (589,319)	\$ 1,277,452	\$ 688,133

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General Government	\$ 118,341	\$ -	\$ 625	\$ -	\$ (117,716)	\$ -	\$ (117,716)
Public Safety	206,265	25,150	32,570	-	(148,545)	-	(148,545)
Highways & Streets	110,725	-	-	-	(110,725)	-	(110,725)
Public works	150,917	147,906	-	-	(3,011)	-	(3,011)
Recreation and culture	14,811	-	-	-	(14,811)	-	(14,811)
Economic Development - DDA	4,585	-	361	-	(4,224)	-	(4,224)
Interest on Long Term Debt	56,789	-	-	-	(56,789)	-	(56,789)
Total governmental activities	682,433	173,056	33,556	-	(455,821)	-	(455,821)
Business-type Activities:							
Sewer Fund	95,074	66,252	-	-	-	(28,822)	(28,822)
Water Fund	124,004	157,085	-	-	-	33,081	33,081
Total business-type activities	219,078	223,337	-	-	-	4,259	4,259
Total primary government	\$ 881,511	\$ 396,393	\$ 33,556	\$ -	(455,821)	4,259	(451,562)
General Revenues:							
Property Taxes				221,192	-	-	221,192
State Shared Revenue				209,422	-	-	209,422
County Shared Revenue				23,313	-	-	23,313
Unrestricted investment				4,233	14,351	-	18,584
Gain on Sale of Capital Assets				1,080	-	-	1,080
Other Revenues				25,040	-	-	25,040
Total general revenues				484,280	14,351	-	498,631
Change in net assets				28,459	18,610	-	47,069
Net assets - beginning restated				(617,778)	1,258,842	-	641,064
Net assets - ending				\$ (589,319)	\$ 1,277,452	-	\$ 688,133

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2007

	Major Funds				Non-major Fund	Total Governmental Funds
	General	Major Street	Debt Service	DDA Fund	Local Street	
<u>Assets</u>						
Cash and investments	\$ 34,712	\$ 38,082	\$ 122,249	\$ 23,356	1,822	\$ 220,221
Receivables						
Accounts	7,480	-	-	-	-	7,480
Due from other funds	16,137	1,795	13,677	-	7,795	39,404
Due from other governmental units	23,069	25,464	-	10,146	11,995	70,674
Other assets	-	-	-	25,672	-	25,672
Prepays	10,272	-	-	-	-	10,272
Total	<u>\$ 91,670</u>	<u>\$ 65,341</u>	<u>\$ 135,926</u>	<u>\$ 59,174</u>	<u>\$ 21,612</u>	<u>\$ 373,723</u>
<u>Liabilities</u>						
Liabilities						
Accounts payable	\$ 8,689	\$ 1,533	\$ -	\$ -	\$ 1,699	\$ 11,921
Accruals	3,506	-	-	-	-	3,506
Due to other funds	-	11,915	3,590	-	5,280	20,785
Deferred revenue	13,374	-	-	-	-	13,374
Total Liabilities	<u>25,569</u>	<u>13,448</u>	<u>3,590</u>	<u>-</u>	<u>6,979</u>	<u>49,586</u>
<u>Fund Balances</u>						
Reserved for:						
Debt retirement	-	-	132,336	-	-	132,336
Prepaid expenditures	10,272	-	-	-	-	10,272
Unreserved	<u>55,829</u>	<u>51,893</u>	<u>-</u>	<u>59,174</u>	<u>14,633</u>	<u>181,529</u>
Total Fund Equity	<u>66,101</u>	<u>51,893</u>	<u>132,336</u>	<u>59,174</u>	<u>14,633</u>	<u>324,137</u>
Total Liabilities and Fund Equity	<u>\$ 91,670</u>	<u>\$ 65,341</u>	<u>\$ 135,926</u>	<u>\$ 59,174</u>	<u>\$ 21,612</u>	<u>\$ 373,723</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
MARCH 31, 2007

Fund balances of governmental funds	\$	324,137
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources; and therefore, are not reported in the funds.

Cost of the capital assets	976,411
Accumulated depreciation	(662,032)

Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the funds.

Contract payable	(1,210,000)
Capital lease payable	(14,940)
Compensated absences	(2,895)
Net assets of governmental activities	<u>\$ (589,319)</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
GOVERNMENTAL FUNDS STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2007

	Major Funds				Non-major Fund	Total Governmental Funds
	General	Major Street	Debt Service	DDA	Local Street	
Revenue						
Taxes	\$ 157,733	\$ 16,595	\$ -	\$ 30,268	\$ 16,595	\$ 221,191
Licenses and permits	625	-	-	-	-	625
Grants	379	-	-	-	-	379
Intergovernmental	157,733	71,027	-	-	31,350	260,110
Charges for services	118,348	-	54,708	-	-	173,056
Fines and forfeits	4,816	-	-	-	-	4,816
Other revenues	25,739	-	3,425	472	-	29,636
Total Revenue	<u>465,373</u>	<u>87,622</u>	<u>58,133</u>	<u>30,740</u>	<u>47,945</u>	<u>689,813</u>
Expenditures						
General government	114,867	-	-	-	-	114,867
Public safety	178,182	-	-	-	-	178,182
Highways and streets	18,832	53,945	-	-	37,948	110,725
Sanitation	43,789	-	-	-	-	43,789
Village Property, Other	92,768	-	-	-	-	92,768
Parks	13,521	-	-	-	-	13,521
Other	-	-	-	4,585	-	4,585
Debt service	17,233	-	78,900	-	-	96,133
Total Expenditures	<u>479,192</u>	<u>53,945</u>	<u>78,900</u>	<u>4,585</u>	<u>37,948</u>	<u>654,570</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(13,819)</u>	<u>33,677</u>	<u>(20,767)</u>	<u>26,155</u>	<u>9,997</u>	<u>35,243</u>
Other Financing Sources (Uses)						
Gain on sale of assets	26,080	-	-	-	-	26,080
Operating transfers in	20,000	-	33,190	25,000	6,000	84,190
Operating transfers (out)	(25,000)	(22,595)	-	(20,000)	(16,595)	(84,190)
Total Other Financing Sources (Uses)	<u>21,080</u>	<u>(22,595)</u>	<u>33,190</u>	<u>5,000</u>	<u>(10,595)</u>	<u>26,080</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>7,261</u>	<u>11,082</u>	<u>12,423</u>	<u>31,155</u>	<u>(598)</u>	<u>61,323</u>
Fund Balances, Beginning	<u>58,840</u>	<u>40,811</u>	<u>119,913</u>	<u>28,019</u>	<u>15,231</u>	<u>262,814</u>
Fund Balances, Ending	<u>\$ 66,101</u>	<u>\$ 51,893</u>	<u>\$ 132,336</u>	<u>\$ 59,174</u>	<u>\$ 14,633</u>	<u>\$ 324,137</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2007

Net change in fund balances --total governmental funds	\$ 61,323
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures	
However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(47,433)
Sale of asset	(25,000)
Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds	
	5,658
Repayments of principal on capital leases and contracts payable are expenditures in governmental funds, but the payments reduce-long-term liabilities in the statement of activities	
Repayment of contract principal	19,500
Repayment of capital lease principal	14,186
Expenses are recorded as incurred in the statement of activities	
Compensated absences	225
Change in net assets of governmental activities	<u>\$ 28,459</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET ASSETS
 MARCH 31, 2007

	Sewer	Water	Total
<u>Assets</u>			
Cash and investments	\$ 135,402	\$ 88,998	\$ 224,400
Accounts receivable	87,600	-	87,600
Due from other funds	-	39,344	39,344
Restricted assets Investment	-	50,000	50,000
Fixed assets, net of accumulated depreciation	532,992	919,932	1,452,924
Total Assets	<u>\$ 755,994</u>	<u>\$ 1,098,274</u>	<u>\$ 1,854,268</u>
<u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable	\$ 2,138	\$ 1,715	\$ 3,853
Due to other funds	54,538	3,425	57,963
Current portion of noncurrent liabilities	-	30,000	30,000
Total Current Liabilities	<u>56,676</u>	<u>35,140</u>	<u>91,816</u>
Noncurrent Liabilities			
Revenue bonds (net of current portion)	-	485,000	485,000
Total Liabilities	<u>56,676</u>	<u>520,140</u>	<u>576,816</u>
Net Assets			
Investment in capital assets-			
net of related debt	532,992	404,932	937,924
Restricted for debt service	-	50,000	50,000
Unrestricted	166,326	123,202	289,528
Total Net Assets	<u>699,318</u>	<u>578,134</u>	<u>1,277,452</u>
Total Liabilities			
and Net Assets	<u>\$ 755,994</u>	<u>\$ 1,098,274</u>	<u>\$ 1,854,268</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2007

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 66,252	\$ 157,085	\$ 223,337
Total Operating Revenues	<u>66,252</u>	<u>157,085</u>	<u>223,337</u>
Operating Expenses			
Personal services	18,867	27,829	46,696
Contractual services	31,969	1,700	33,669
Supplies	1,372	3,154	4,526
Utilities	1,616	7,711	9,327
Depreciation	29,989	32,655	62,644
Insurance	3,839	6,006	9,845
Licenses	400	3,059	3,459
Dues	374	801	1,175
Miscellaneous	2,517	8,027	10,544
Equipment rental	4,131	6,687	10,818
Total Operating Expenses	<u>95,074</u>	<u>97,629</u>	<u>192,703</u>
Operating Income (Loss)	<u>(28,822)</u>	<u>59,456</u>	<u>30,634</u>
Non-operating Revenues (Expenses)			
Interest revenue	9,892	4,459	14,351
Interest and fiscal charges	<u>-</u>	<u>(26,375)</u>	<u>(26,375)</u>
Total Non-operating Revenues (Expenses)	<u>9,892</u>	<u>(21,916)</u>	<u>(12,024)</u>
Change in Net Assets	(18,930)	37,540	18,610
Net assets, beginning of year	718,248	540,594	1,258,842
Net assets, end of year	<u>\$ 699,318</u>	<u>\$ 578,134</u>	<u>\$ 1,277,452</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2007

	Sewer Fund	Water Fund	Enterprise Totals
Cash Flows From Operating Activities			
Receipts from customers	\$ 62,483	\$ 157,084	\$ 219,567
Payments to suppliers	(48,016)	(44,209)	(92,225)
Payments to employees	(18,867)	(27,829)	(46,696)
Net cash provided by (used in) operating activities	<u>(4,400)</u>	<u>85,046</u>	<u>80,646</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	-	(37,697)	(37,697)
Principal payments	-	(25,000)	(25,000)
Interest paid	-	(26,375)	(26,375)
Net cash used in capital and related financing activities	<u>-</u>	<u>(89,072)</u>	<u>(89,072)</u>
Cash Flows from Investing Activities			
Interest received	9,892	4,459	14,351
Net cash provided by (used in) investing activities	<u>9,892</u>	<u>4,459</u>	<u>14,351</u>
Net Increase (Decrease) in Cash and cash equivalents	5,492	433	5,925
Cash and cash equivalents - Beginning of year	129,910	138,565	268,475
Cash and cash equivalents - End of year	<u>\$ 135,402</u>	<u>\$ 138,998</u>	<u>\$ 274,400</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating Income (Loss)	\$ (28,822)	\$ 59,456	\$ 30,634
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	29,989	32,655	62,644
Changes in assets and liabilities			
Receivables	(3,769)	-	(3,769)
Due from other funds	-	(5,769)	(5,769)
Prepaid expense	3,116	2,561	5,677
Accounts payable	1,757	(4,076)	(2,319)
Due to other funds	(6,671)	219	(6,452)
Net Cash provided by (used in) operating activities	<u>\$ (4,400)</u>	<u>\$ 85,046</u>	<u>\$ 80,646</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies

The Village of Mayville, located in Tuscola County, Michigan, was incorporated as a general law village under the provisions of Act 3 of 1895, as amended. The Village operates under elected Village Council to provide municipal services to approximately 1,055 residents.

The criteria established by the National Council on Governmental Accounting (NCGA) for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Village. Educational services are provided through a local school district, which is a separate governmental entity, and therefore, it is not represented in the financial statements included herein. In addition, this report does not include the financial statements of the Mayville Public Library or Mayville Area Ambulance Service, which operate autonomously under intergovernmental service agreements.

The financial statements of the Village of Mayville are prepared with Generally Accepted Accounting Principles (GAAP). The Village reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental and business-type activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that cannot be attributed directly to any one function are included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

Property taxes and State-shared revenues are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

A fund is defined as a fiscal and accounting entity with self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Village uses the following fund types:

Governmental Funds

General Fund--The General Fund is the general operating fund of the Village. It is used to account for all financial resources, except those required to use another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds--Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Proprietary Funds

Enterprise Funds--Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's governmental and proprietary funds. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services.

Operating expenses for proprietary funds include the cost of source of supply, transmission and distribution maintenance, and administrative and general expenses, including depreciation and capital assets.

All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash

Cash includes cash on hand and demand deposits. For the purpose of cash flows, the Village considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Investments

Investments include certificates of deposit and are stated at fair value.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Receivables

Receivables consist of all revenues earned at year-end but not yet received. Outstanding balances between funds are reported as "due to/from other funds".

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the governmental-wide financial statements as "internal balances".

Inventories

Inventories, which are immaterial in amount, are not recognized as an asset in the Enterprise Funds. Supplies, which are also immaterial in amount, are treated as expenditures at the time of purchase in the Governmental Fund types.

Prepaid

Prepaid amounts consist of payments for which the Village will have a future benefit and will be used up at a date beyond the current year-end.

Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. The Village owns infrastructure assets such as water and sewer systems and roads and sidewalks. Depreciation on all assets is provided on the straight-line method over the following estimated useful lives:

Equipment and other	3-10 years
Vehicles	6 years
Buildings	50 years
Water and sewer mains	30-50 years
Water Towers	50 years
Water Meters	10 years
Other equipment	5-12 years
Infrastructure	5-50 years

The Village elected not to retroactively report some infrastructure assets, which is allowable under the provisions of GASB 34.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(continued)

Accounts Payable

Accounts payable consist of items from which the Village benefited during the current fiscal year but has not yet paid.

Accrued Compensated Absences

Accumulated and unused sick leave at year end is recognized as a liability of the respective funds in which each employee's wages are reported. The liability is calculated based upon various labor terms. Total accrued sick leave at March 31, 2007, was \$2,895.

Deferred Revenue

Deferred revenue represents amounts for which the Village has received or is due to receive but has not yet earned. The revenues are deferred until the proceeds have been fully expensed/expended.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Inter-fund Activity

Inter-fund activity is reported as payables and transfers.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes

Property taxes are levied each July 1 on property located within the Village based on state equalized valuation. Real property taxes not collected by October 1 are turned over to Tuscola County for collection. The county reimburses the Village 100% for the delinquent real property taxes.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 1--Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

For the year ended March 31, 2007, the Village assessed mills adjusted for Headlee rollback as follows: general operation 10.5605 and streets 2.2374, as adjusted by Public Act 5 of 1982 based on taxable valuation of \$16,406,705. The Downtown Development Authority captures property taxes based on taxable value increases in the district determined from the base year.

NOTE 2--Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The Village employs the following procedures in establishing budgetary data reflected in the financial statements:

- a. Prior to April 1 of each year, the Village Manager submits a budget for the ensuing fiscal year to the Council for review and possible revision.
- b. Prior to April 1 of each year, a public hearing is conducted to obtain taxpayers' comments.
- c. Prior to April 1 of each year, the budget is approved.
- d. Budget amounts as originally adopted are amended by the Village Council as necessary throughout the year.

NOTE 3--Cash and Investments

The Village is authorized by the State of Michigan to deposit its funds in banks, savings and loan associations, or credit unions having a principal office in Michigan. The Village is also authorized to invest in direct bonds and obligations of the U.S. or agency or instrumentality, CDs, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency, commercial paper – within three highest rate classifications by at least two rating services, maturing not later than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time, U.S. or agency repurchase agreements, bankers' acceptance of U.S. banks, and mutual funds – investments which local unit can make directly.

The investment policy adopted by the Village Council is in accordance with Public Act 196 of 1007. The Village's deposits and investments have been made in accordance with statutory authority.

The FDIC insures up to \$100,000 per demand deposit and \$100,000 in time deposits. The Village of Mayville has assigned custodial responsibility to various Trustees in such a way that all deposits of the Village of Mayville are insured.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 3--Cash and Investments (continued)

Investments consist of certificates of deposit. A summary of cash and investments follow:

	Insured	Collateralized	Uninsured Uncollateralized	Total
Governmental Activities				
Cash	\$ 125,948	\$ -	\$ -	\$ 125,948
Investments	104,598	-	-	104,598
Business-type Activities				
Cash	108,555	-	-	108,555
Investments	179,000	-	-	179,000
Total Deposits & Investments	<u>\$ 518,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,101</u>

NOTE 4--Interfund Receivables and Payables

The composition of inter-fund balances as of March 31, 2007, is as follows:

Receivable	Payable
General	Major Street \$ 5,918
	Local Street 5,279
	Sewer 1,516
	Water 3,424
	<u>16,137</u>
Major Street	Storm Sewer <u>1,795</u>
Local Street	Storm Sewer 1,795
	Major Street <u>6,000</u>
	<u>7,795</u>
Debt Service	Sewer <u>13,677</u>
Water	Sewer <u>39,344</u>
	<u>\$ 78,748</u>

The outstanding balances between funds results mainly from the time lag between dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The composition of inter-fund transfers as of March 31, 2007 is as follows:

Transfers To	Transfers From
Local Street	Major Street \$ 6,000
Debt Service	Major Street 16,595
Debt Service	Local Street 16,595
General Fund	DDA 20,000
DDA	General Fund <u>25,000</u>
	Total <u>\$ 84,190</u>

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 4--Interfund Receivables and Payables (continued)

The transfer from the major street to the local street is for the purpose of funding maintenance on local streets.

The transfers from the street funds to the debt service fund were to pay storm sewer debt service.

The transfer from the DDA to the general fund was to compensate for administrative costs.

The transfer from the general fund to the DDA fund was a reimbursement from the prior fiscal year.

NOTE 5--Capital Assets

Capital asset activity for the year ended March 31, 2007, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 80,122	\$ -	\$ (25,000)	\$ 55,122
Subtotal	80,122	-	(25,000)	55,122
Capital assets subject to depreciation				
Land Improvements	26,379	-	-	26,379
Buildings	173,493	-	-	173,493
Vehicles	254,112	-	-	254,112
Equipment	467,305	-	-	467,305
Subtotal	921,289	-	-	921,289
Accumulated Depreciation	(614,599)	(47,433)	-	(662,032)
Depreciable assets, net	306,690	(47,433)	-	259,257
Net governmental capital assets	\$ 386,812	\$ (47,433)	\$ (25,000)	\$ 314,379

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 5--Capital Assets (continued)

	Beginning Balance	Additions	Disposals	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not subject to depreciation				
Land	\$ 30,500	\$ -	\$ -	\$ 30,500
Subtotal	30,500	-	-	30,500
Capital assets subject to depreciation				
Buildings	9,874	-	-	9,874
Water towers	256,409	-	-	256,409
Distribution systems	1,189,382	37,698	-	1,227,080
Collection systems	1,339,762	-	-	1,339,762
Machinery & equipment	18,413	-	-	18,413
Meters & boxes	52,944	-	-	52,944
Subtotal	2,866,784	37,698	-	2,904,482
Accumulated Depreciation	(1,419,414)	(62,644)	-	(1,482,058)
Depreciable assets, net	1,447,370	(24,946)	-	1,422,424
Net Business-type capital assets	\$ 1,477,870	\$ (24,946)	\$ -	\$ 1,452,924

Depreciation expense was charged to the primary government as follows: general government \$3,699, parks and recreation \$1,290, public safety \$28,083, public works \$14,361, sewer \$29,989 and water \$32,655.

NOTE 6--Long-Term Debt

Long-term liabilities at March 31, 2007 consists of the following:

Types of Indebtedness	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at Year-End
<u>Governmental Activities</u>					
Capital Lease Purchase Agreements:					
2005 Contract-Crown Victoria	3/23/2008	5.45%	\$7,091-6,725	\$ 26,242	\$ 6,725
2003 Contrcat-1998 GMC Dump Truck	9/29/2007	5.20%	7,055-8,214	30,500	8,215
<u>Contract Payable</u>					
1996 Contract-Storm Water System	9/1/1996	5.125%	18,000-74,000	1,350,000	1,209,000
2006 Contract-Ambulance building	1/6/2008	0.00%	1,000-1,500	2,500	1,000
Business-type Activities					
Revenue Bonds					
1981 Issue-Water System	10/1/2020	5%	25,000-50,000	540,000	515,000

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 6--Long-Term Debt (continued)

Changes in long-term debt are as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Governmental Activities					
Accrued compensated absences	\$ 3,120	\$ -	\$ 225	\$ 2,895	\$ -
Capital leases					
2005 Lease	13,103	-	6,378	6,725	6,726
2003 Lease	16,023	-	7,808	8,215	8,215
Contracts payable					
1996 Contract	1,227,000	-	18,000	1,209,000	18,000
2006 Contract	2,500	-	1,500	1,000	1,000
Total Governmental activities	<u>\$ 1,261,746</u>	<u>\$ -</u>	<u>\$ 33,911</u>	<u>\$ 1,227,835</u>	<u>\$ 33,941</u>
Business-type Activities					
Revenue Bonds: 1981 Issue	<u>\$ 540,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 515,000</u>	<u>\$ 30,000</u>

Annual debt service requirements to maturity for the above governmental and business-type bonds and contracts are as follows:

Governmental Activities			
	Principal	Interest	Total
2008	\$ 33,940	\$ 62,291	\$ 96,231
2009	19,000	60,552	79,552
2010	20,000	59,553	79,553
2011	21,000	58,502	79,502
2012	22,000	57,400	79,400
2013-2017	128,000	268,450	396,450
2018-2022	164,000	231,136	395,136
2023-2027	210,000	183,476	393,476
2028-2032	267,000	122,717	389,717
2033-2037	340,000	45,101	385,101
Compensated absences	2,895	-	-
	<u>\$ 1,227,835</u>	<u>\$ 1,149,178</u>	<u>\$ 2,374,118</u>
Business-type Activities			
Fiscal Year Ending	Principal	Interest	Total
2008	\$ 30,000	\$ 25,000	\$ 55,000
2009	30,000	23,500	53,500
2010	30,000	22,000	52,000
2011	30,000	20,500	50,500
2012	30,000	19,000	49,000
2013-2017	185,000	68,875	253,875
2018-2021	180,000	18,750	198,750
Totals	<u>\$ 515,000</u>	<u>\$ 197,625</u>	<u>\$ 712,625</u>

For the year ended March 31, 2007, the total interest paid on bond debt was \$26,375.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 7--Restricted Cash

The amount of \$50,000 in the Enterprise Fund is restricted by a bond agreement.

NOTE 8--Risk Management

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village Council participates in the Michigan Municipal League Workers Compensation Fund Self Insurance Pool (SIP), a public entity risk pool currently operating as a common risk management program for public entities in the State of Michigan. The MML Workers' Compensation fund serves more than 800 cities, villages, townships, and other governmental agencies. The Village pays an annual premium to SIP for its worker's compensation coverage. The SIP is self-sustaining through member premiums.

In the event of unusually high claims, the SIP has the authority to bill the Village retroactively. The Village continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 9--Storm Sewer Construction and Financing Contract

The Village of Mayville has entered into a contract with the County of Tuscola dated December 1, 1996, and amended January 1, 1999. The contract provides for the construction and financing of improvements to existing storm sewer systems of the Village of Mayville. It is the intent of the parties that the County of Tuscola issue bonds to pay the cost of construction of \$1,350,000. The bonds, known as Tuscola County Limited Tax General Obligation Bonds (Village of Mayville Storm Water System), were issued April 18, 1999, and bear interest at the rate of 5.125%. Semi-annual payments sufficient to pay interest and principal will be made to the County of Tuscola from the Village of Mayville for a period of forty years or until such times as all bonds issued by the County to finance this project are paid in full.

NOTE 10--Defined Contribution Money Purchase Plan

The Village provides pension benefits for all eligible employees through the Village of Mayville's Money Purchase Plan. The Village contributes based upon contracts. Contributions for any year may not exceed the Internal Revenue Service's threshold.

During the year ended March 31, 2007, contributions of \$11,838 were made on behalf of the covered employees. Employees contributed \$4,200 to the plan.

VILLAGE OF MAYVILLE
NOTES TO FINANCIAL STATEMENTS

NOTE 11--Prior Period Adjustments

As allowed by GASB #14, the Downtown Development Authority can be reported as a blended component unit. In the previous year, the Downtown Development Authority was reported as a discretely presented component unit. The effect on the Government-Wide Financial Statements is as follows:

Net assets, as previously stated as of 03/31/06	\$ (645,797)
Net assets of the Downtown Development Authority	28,019
Net assets, restated, as of 03/31/06	<u>\$ (617,778)</u>

NOTE 12-Notes Receivable-DDA Fund

On February 28, 2006 the Village of Mayville entered into a lease for property with the Mayville Downtown Development Authority. The rent is \$30,000, for 100 years, and is to be paid upon execution of the lease.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF MAYVILLE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2007

	Original Budget	Amended Budget	Revenue and Expenditures Actual
Revenues			
Taxes	\$ 150,500	\$ 154,109	\$ 157,733
Licenses and permits	500	605	625
Grants	500	500	379
Intergovernmental	153,300	155,511	157,733
Charges for services	119,713	108,713	118,348
Fines and forfeits	4,500	4,800	4,816
Other revenues	17,000	23,058	25,739
Total Revenues	446,013	447,296	465,373
Expenditures			
General government	112,399	114,332	114,867
Public Safety	165,280	176,887	178,182
Highways and streets	19,000	19,000	18,832
Sanitation	43,713	43,713	43,789
Village Property, Other	77,350	83,717	92,768
Parks	7,275	13,216	13,521
Capital outlay	25,507	14,508	-
Debt service	8,641	8,641	17,233
Total Expenditures	459,165	474,014	479,192
Excess (Deficiency) of Revenues over Expenditures	(13,152)	(26,718)	(13,819)
Other Financing Sources (Uses)			
Gain on Sale of Assets	-	26,080	26,080
Operating Transfers In (Out)	20,000	20,000	20,000
Operating Transfers In (Out)	-	-	(25,000)
Total Other Financing Sources (Uses)	20,000	46,080	21,080
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	6,848	19,362	7,261
Fund Balances, Beginning	58,840	58,840	58,840
Fund Balances, Ending	\$ 65,688	\$ 78,202	\$ 66,101

See independent auditor's report.

VILLAGE OF MAYVILLE
MAJOR STREET FUND AND DDA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2007

	Original	Amended	Revenues and Expenditures
Major Street Fund			
Revenues			
Taxes	\$ 18,500	\$ 18,390	\$ 16,595
Intergovernmental	71,000	71,000	71,027
Total Revenues	<u>89,500</u>	<u>89,390</u>	<u>87,622</u>
Expenditures			
Highways and streets	<u>55,968</u>	<u>55,428</u>	<u>53,945</u>
Excess (Deficiency) of Revenues over Expenditures	<u>33,532</u>	<u>33,962</u>	<u>33,677</u>
Other Financing Sources (Uses)			
Operating Transfers In (Out)	<u>(23,590)</u>	<u>(23,590)</u>	<u>(22,595)</u>
Total Other Financing Sources (Uses)	<u>(23,590)</u>	<u>(23,590)</u>	<u>(22,595)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	9,942	10,372	11,082
Fund Balances, Beginning	40,811	40,811	40,811
Fund Balances, Ending	<u>\$ 50,753</u>	<u>\$ 51,183</u>	<u>\$ 51,893</u>
DDA Fund			
Revenues			
Taxes	\$ 29,400	\$ 31,123	\$ 30,268
Interest	900	100	111
Other revenues	25,280	25,376	361
Total Revenues	<u>55,580</u>	<u>56,599</u>	<u>30,740</u>
Expenditures			
Other	<u>11,819</u>	<u>4,470</u>	<u>4,585</u>
Total Expenditures	<u>11,819</u>	<u>4,470</u>	<u>4,585</u>
Excess (Deficiency) of Revenues over Expenditures	43,761	52,129	26,155
Other Financing Sources (Uses)			
Operating transfers in (out)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources	48,761	57,129	31,155
Fund Balances, Beginning	28,019	28,019	28,019
Fund Balances, Ending	<u>\$ 76,780</u>	<u>\$ 85,148</u>	<u>\$ 59,174</u>

See independent auditor's report.

VILLAGE OF MAYVILLE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

The debt service fund was determined to be a major fund within the governmental activities of the Village. As required by GASB Statement 34, governments should report budgetary comparison schedules for each major governmental fund that is required by law to adopt a budget. The Village of Mayville was not legally required to adopt a budget for the debt service fund, thus eliminating the requirement to present budgetary comparison information.

OTHER SUPPLEMENTAL INFORMATION

VILLAGE OF MAYVILLE
GENERAL FUND

Village of Mayville
General Fund
Balance Sheet
March 31, 2007

<u>Assets</u>	<u>2007</u>
Cash and investments	\$ 34,712
Accounts receivable	7,480
Due from other governmental units	23,069
Due from other funds	16,137
Prepays	10,272
Total Assets	<u>\$ 91,670</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts payable	\$ 8,689
Accruals	3,506
Deferred revenue	13,374
Total Liabilities	<u>25,569</u>
Fund Balance	
Reserved for prepaid expenditures	10,272
Undesignated	55,829
Total Fund Balance	<u>66,101</u>
Total Liabilities and Fund Balance	<u>\$ 91,670</u>

See independent auditor's report.

Village of Mayville
General Fund
Statement of Revenues
Budget and Actual
For the Year Ended March 31, 2007

	Budget	Actual	Over (Under) Budget
Revenues			
Property taxes	\$ 154,109	\$ 157,733	\$ 3,624
Licenses and permits	605	625	20
Community policing grant	500	379	(121)
Intergovernmental Revenues			
State revenue sharing	124,647	128,619	3,972
Liquor license	1,739	1,739	-
Fire protection contracts	29,125	27,375	(1,750)
Charges for Services			
Equipment rental	50,000	49,405	(595)
Garbage collection	43,713	43,793	80
Fire protection	15,000	25,150	10,150
Traffic Fines	4,800	4,816	16
Other Revenues			
Interest	650	697	47
Refunds	5,000	4,864	(136)
Miscellaneous	17,408	20,178	2,770
Sale of Assets	26,080	26,080	-
Transfer from DDA	20,000	20,000	-
Total Revenues	<u>\$ 493,376</u>	<u>\$ 511,453</u>	<u>\$ 18,077</u>

See independent auditor's report.

Village of Mayville
General Fund
Statement of Expenditures-Budget and Actual
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures			
General Government			
Manager			
Salary	\$ 19,000	\$ 20,250	\$ 1,250
Employee benefits	1,138	1,629	491
Payroll taxes	1,815	1,474	(341)
Education and training	1,500	1,253	(247)
Office supplies	1,600	1,183	(417)
Insurance	11,643	12,994	1,351
Telephone	950	778	(172)
Dues	585	444	(141)
Travel	2,000	2,102	102
Total Manager	<u>40,231</u>	<u>42,107</u>	<u>1,876</u>
Administration			
Salaries and wages	18,500	17,559	(941)
Employee benefits	2,322	1,728	(594)
Payroll taxes	2,249	2,312	63
Office supplies	7,556	7,317	(239)
Professional Services	6,200	7,566	1,366
Insurance	21,400	19,771	(1,629)
Membership dues	1,150	1,812	662
Elections	60	60	-
Ambulance	2,110	2,110	-
Planning and zoning	11,154	11,177	23
Miscellaneous	1,400	1,348	(52)
Total Administration	<u>74,101</u>	<u>72,760</u>	<u>(1,341)</u>
Public Safety			
Police Department			
Salaries and wages	68,155	67,836	(319)
Employee benefits	2,018	4,351	2,333
Payroll taxes	6,934	7,743	809
Supplies	1,300	2,326	1,026
Telephone	1,000	896	(104)
Insurance	24,000	16,731	(7,269)
Maintenance	8,290	8,561	271
Gas and oil	4,300	4,835	535
Miscellaneous	3,231	3,243	12
Total Police Department	<u>119,228</u>	<u>116,522</u>	<u>(2,706)</u>
See independent auditor's report.			

Village of Mayville
General Fund
Statement of Expenditures-Budget and Actual
For the Year Ended March 31, 2007

	Budget	Actual	Over (Under) Budget
Fire Department			
Salaries and wages	\$ 28,712	\$ 28,712	\$ -
Supplies	2,700	4,611	1,911
Telephone	2,800	2,931	131
Insurance	8,300	7,867	(433)
Membership dues	425	300	(125)
Gas and oil	2,400	2,492	92
Repairs and maintenance	4,200	5,613	1,413
Utilities	4,000	5,012	1,012
Payroll taxes	2,024	2,024	-
Miscellaneous	2,098	2,098	-
Total Fire Department	<u>57,659</u>	<u>61,660</u>	<u>4,001</u>
Highways and Streets-Utilities	<u>19,000</u>	<u>18,832</u>	<u>(168)</u>
Sanitation Contracted Services	<u>43,713</u>	<u>43,789</u>	<u>76</u>
Village Property, Other			
Salaries and wages	4,724	5,574	850
Employee benefits	4,250	5,794	1,544
Insurance	28,000	27,647	(353)
Maintenance	500	28	(472)
Gas and oil	5,600	6,529	929
Maintenance, buildings	4,000	4,212	212
Maintenance, equipment	16,000	22,320	6,320
Utilities	4,400	5,207	807
Operating supplies	3,800	3,421	(379)
Telephone	1,800	1,740	(60)
Sidewalk repair	326	326	-
Storm sewer	3,317	3,235	(82)
Miscellaneous	7,000	6,735	(265)
Total Village Property, Other	<u>83,717</u>	<u>92,768</u>	<u>9,051</u>

See independent auditor's report.

Village of Mayville
General Fund
Statement of Expenditures-Budget and Actual
For the Year Ended March 31, 2007

	Budget	Actual	Over (Under) Budget
Parks			
Salaries and wages	\$ 5,550	\$ 5,550	\$ -
Supplies	5,357	5,357	-
Insurance	120	120	-
Utilities	1,700	1,805	105
Maintenance	489	689	200
Total Parks	<u>13,216</u>	<u>13,521</u>	<u>305</u>
Capital Outlay			
Police	8,508	-	(8,508)
Fire department	6,000	-	(6,000)
Total Capital Outlay	<u>14,508</u>	<u>-</u>	<u>(14,508)</u>
Debt Service			
Principal retirement	8,641	15,686	7,045
Interest	-	1,547	1,547
Total Debt Service	<u>8,641</u>	<u>17,233</u>	<u>8,592</u>
Total Expenditures	<u>474,014</u>	<u>479,192</u>	<u>5,178</u>
Excess (Deficiency) of Revenue over Expenditures	19,362	32,261	12,899
Other Financing Sources (Uses) Operating transfers out	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	19,362	7,261	(12,101)
Fund Balance, Beginning	<u>58,840</u>	<u>58,840</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 78,202</u>	<u>\$ 66,101</u>	<u>\$ (12,101)</u>

See independent auditor's report.

VILLAGE OF MAYVILLE
SPECIAL REVENUE FUNDS

Major Street Fund

Local Street Fund

DDA

Village of Mayville
Major Street Fund
Balance Sheet
March 31, 2007

<u>Assets</u>	<u>2007</u>
Cash	\$ 38,082
Due from other governmental units	25,464
Due from other funds	1,795
Total Assets	<u>\$ 65,341</u>
 <u>Liabilities and Fund Balance</u>	
Accounts payable	\$ 1,533
Due to other funds	11,915
Fund balance	51,893
Total Liabilities and Fund Balance	<u>\$ 65,341</u>

See independent auditor's report.

Village of Mayville
Major Street Fund.
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2007

	Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ 18,390	\$ 16,595	\$ (1,795)
Intergovernmental			
State fuel tax	56,000	55,492	(508)
County road improvement	15,000	15,535	535
Total Revenue	<u>89,390</u>	<u>87,622</u>	<u>(1,768)</u>
Expenditures			
Preservation			
Salaries & wages	9,500	9,040	(460)
Materials & supplies	7,000	8,451	1,451
Equipment rental	15,000	14,071	(929)
Insurance	3,139	2,008	(1,131)
Traffic signs	300	-	(300)
Contracted services	667	817	150
Snow and ice removal			
Salaries & wages	3,200	2,893	(307)
Materials & supplies	4,000	3,962	(38)
Equipment rental	7,000	7,197	197
Administration			
Salaries & wages	4,952	5,048	96
Supplies	20	-	(20)
Equipment rental	200	8	(192)
Contracted services	450	450	-
Total Expenditures	<u>55,428</u>	<u>53,945</u>	<u>(1,483)</u>
Excess (Deficiency) of Revenues Over Expenditures	33,962	33,677	(285)
Other Financing Sources (Uses)			
Operating transfers out	<u>(23,590)</u>	<u>(22,595)</u>	<u>995</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	10,372	11,082	710
Fund Balance, Beginning	<u>40,811</u>	<u>40,811</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 51,183</u>	<u>\$ 51,893</u>	<u>\$ 710</u>

See independent auditor's report.

Village of Mayville
Local Street Fund
Balance Sheet
March 31, 2007

<u>Assets</u>	<u>2007</u>
Cash	\$ 1,822
Due from other governmental units	11,995
Due from other funds	7,795
Total Assets	<u>\$ 21,612</u>
<u>Liabilities and Fund Balance</u>	
Accounts payable	\$ 1,699
Due to other funds	5,280
Fund balance	14,633
Total Liabilities and Fund Balance	<u>\$ 21,612</u>

See independent auditor's report.

Village of Mayville
Local Street Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2007

	Budget	Actual	Over (Under) Budget
Revenue			
Taxes	\$ 18,390	\$ 16,595	\$ (1,795)
Intergovernmental			
State fuel tax	24,000	23,572	(428)
County bridge tax	7,500	7,778	278
Total Revenue	<u>49,890</u>	<u>47,945</u>	<u>(1,945)</u>
Expenditures			
Preservation			
Salaries & wages	7,285	6,634	(651)
Materials & supplies	1,000	2,402	1,402
Equipment rental	13,500	14,020	520
Insurance	2,500	1,545	(955)
Traffic Signs	250	-	(250)
Contracted services	1,333	1,333	-
Snow and ice removal			
Salaries & wages	1,000	1,260	260
Materials & supplies	3,000	3,349	349
Equipment rental	3,000	3,326	326
Administration			
Salaries & wages	3,570	3,595	25
Equipment rental	34	34	-
Contracted services	450	450	-
Total Expenditures	<u>36,922</u>	<u>37,948</u>	<u>1,026</u>
Excess (Deficiency) of Revenues Over Expenditures	12,968	9,997	(2,971)
Other Financing Sources (Uses)			
Operating transfer in	6,000	6,000	-
Operating transfers (out)	(18,390)	(16,595)	1,795
Other Financing Sources (Uses)	<u>(12,390)</u>	<u>(10,595)</u>	<u>1,795</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	578	(598)	(1,176)
Fund Balance, Beginning	<u>15,231</u>	<u>15,231</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 15,809</u>	<u>\$ 14,633</u>	<u>\$ (1,176)</u>
See independent auditor's report.			

Village of Mayville
DDA
Balance Sheet
March 31, 2007

<u>Assets</u>	<u>2007</u>
Cash and investments	\$ 23,356
Due from other governments	10,146
Other assets	<u>25,672</u>
Total Assets	<u>\$ 59,174</u>
<u>Fund Balance</u>	
Fund balance	\$ 59,174
Total Fund Balance	<u>\$ 59,174</u>

See independent auditor's report.

Village of Mayville
DDA Fund
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenue			
Taxes	\$ 31,123	\$ 30,268	\$ (855)
Fundraising	276	276	-
Interest	100	111	11
Donations	100	50	(50)
Sale of assets	25,000	-	(25,000)
Miscellaneous	-	35	35
Total Revenue	<u>56,599</u>	<u>30,740</u>	<u>(25,859)</u>
Expenditures			
Supplies	100	29	(71)
Projects	215	214	(1)
Special events	1,584	1,834	250
Training	788	788	-
Dues	100	100	-
Interest	231	231	-
Professional fees	252	252	-
Utilities	700	637	(63)
Miscellaneous	500	500	-
Total Expenditures	<u>4,470</u>	<u>4,585</u>	<u>115</u>
Excess (Deficiency) of Revenues Over Expenditures	52,129	26,155	(25,974)
Other Financing Sources (Uses)			
Operating transfer in	25,000	25,000	-
Operating transfers (out)	(20,000)	(20,000)	-
Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	57,129	31,155	(25,974)
Fund Balance, Beginning	<u>28,019</u>	<u>28,019</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 85,148</u>	<u>\$ 59,174</u>	<u>\$ (25,974)</u>

See independent auditor's report.

VILLAGE OF MAYVILLE
DEBT SERVICE FUND

Storm Sewer

Village of Mayville
Debt Service Fund
Balance Sheet
March 31, 2007

<u>Assets</u>	2007
Cash and investments	\$ 122,249
Due from other funds	13,677
Total Assets	<u>\$ 135,926</u>
 <u>Liabilities and Fund Balance</u>	
Due to other funds	\$ 3,590
Fund Balance	132,336
Total Liabilities and Fund Balance	<u>\$ 135,926</u>

See independent auditor's report.

Village of Mayville
Debt Service Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended March 31, 2007

	<u>2005</u>
Revenue	
User fees	\$ 54,708
Interest	<u>3,425</u>
Total Revenue	<u>58,133</u>
Expenditures	
Debt Service	
Principal retirement	18,000
Interest and fiscal charges	<u>60,900</u>
Total Expenditures	<u>78,900</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,767)</u>
Other Financing Sources (Uses)	
Operating transfers in	<u>33,190</u>
Total Other Financing Sources (Uses)	<u>33,190</u>
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources	<u>12,423</u>
Fund Balances, Beginning	<u>119,913</u>
Fund Balances, Ending	<u><u>\$ 132,336</u></u>

See independent auditor's report.

VILLAGE OF MAYVILLE
ENTERPRISE FUNDS

Sewer Fund

Water Fund

Village of Mayville
Enterprise Funds
Combining Statements of Net Assets
March 31, 2007

	Sewer	Water	Total
<u>Assets</u>			
Cash and investments	\$ 135,402	\$ 88,998	\$ 224,400
Accounts receivable	87,600	-	87,600
Due from other funds	-	39,344	39,344
Restricted assets Investment	-	50,000	50,000
Fixed assets, net of accumulated depreciation	532,992	919,932	1,452,924
Total Assets	<u>\$ 755,994</u>	<u>\$ 1,098,274</u>	<u>\$ 1,854,268</u>
<u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable	\$ 2,138	\$ 1,715	\$ 3,853
Due to other funds	54,538	3,425	57,963
Current portion of noncurrent liabilities	-	30,000	30,000
Total Current Liabilities	<u>56,676</u>	<u>35,140</u>	<u>91,816</u>
Noncurrent Liabilities			
Revenue bonds (net of current portion)	-	485,000	485,000
Total Liabilities	<u>56,676</u>	<u>520,140</u>	<u>576,816</u>
Net Assets			
Investment in capital assets-			
net of related debt	532,992	404,932	937,924
Restricted for debt service	-	50,000	50,000
Unrestricted	166,326	123,202	289,528
Total Net Assets	<u>699,318</u>	<u>578,134</u>	<u>1,277,452</u>
Total Liabilities			
and Net Assets	<u>\$ 755,994</u>	<u>\$ 1,098,274</u>	<u>\$ 1,854,268</u>

See independent auditor's report.

Village of Mayville
Enterprise Funds
Combining Statements of Revenues, Expenses and Changes in Net Assets
For the Year Ended March 31, 2007

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 66,252	\$ 157,085	\$ 223,337
Total Operating Revenues	<u>66,252</u>	<u>157,085</u>	<u>223,337</u>
Operating Expenses			
Personal services	18,867	27,829	46,696
Contractual services	31,969	1,700	33,669
Supplies	1,372	3,154	4,526
Utilities	1,616	7,711	9,327
Depreciation	29,989	32,655	62,644
Insurance	3,839	6,006	9,845
Licenses	400	3,059	3,459
Dues	374	801	1,175
Miscellaneous	2,517	8,027	10,544
Equipment rental	4,131	6,687	10,818
Total Operating Expenses	<u>95,074</u>	<u>97,629</u>	<u>192,703</u>
Operating Income (Loss)	<u>(28,822)</u>	<u>59,456</u>	<u>30,634</u>
Non-operating Revenues (Expenses)			
Interest revenue	9,892	4,459	14,351
Interest and fiscal charges	<u>-</u>	<u>(26,375)</u>	<u>(26,375)</u>
Total Non-operating Revenues (Expenses)	<u>9,892</u>	<u>(21,916)</u>	<u>(12,024)</u>
Change in Net Assets	(18,930)	37,540	18,610
Net assets, beginning of year	718,248	540,594	1,258,842
Net assets, end of year	<u>\$ 699,318</u>	<u>\$ 578,134</u>	<u>\$ 1,277,452</u>

See independent auditor's report.

Village of Mayville
Enterprise Funds
Combining Statements of Cash Flows
For the Year Ended March 31, 2007

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash Flows From			
Operating Activities			
Increase (decrease) in Net Assets	\$ (18,930)	\$ 37,540	\$ 18,610
Adjustments to reconcile operating			
income (loss) to net cash provided by			
operating activities:			
Depreciation	29,989	32,655	62,644
Decrease (increase) in			
Accounts receivable	(3,769)	-	(3,769)
Due from other funds	-	(5,769)	(5,769)
Prepaid expense	3,116	2,561	5,677
Increase (decrease) in			
Accounts payable	1,757	(4,076)	(2,319)
Due to other funds	(6,671)	219	(6,452)
Net Cash Provided			
by Operating Activities	<u>5,492</u>	<u>63,130</u>	<u>68,622</u>
Cash Flows From			
Investing Activities			
Purchased fixed assets	<u>-</u>	<u>(37,697)</u>	<u>(37,697)</u>
Net Cash Provided			
by Investing Activities	<u>-</u>	<u>(37,697)</u>	<u>(37,697)</u>
Cash Flows From			
Financing Activities			
Payment of bonds			
payable	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net Cash Provided			
by Financing Activities	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net Increase (Decrease) in Cash	5,492	433	5,925
Cash and Cash Equivalents, Beginning	<u>129,910</u>	<u>138,565</u>	<u>268,475</u>
Cash and Cash Equivalents, Ending	<u>\$ 135,402</u>	<u>\$ 138,998</u>	<u>\$ 274,400</u>

See independent auditor's report.

Village of Mayville
Schedule of Indebtedness
March 31, 2007

Governmental Activities

Contract Payable - Storm Sewer System Project
Interest Rate 5.125%

For the Fiscal Year Ending	Date of Issue	Amount of Issue	Annual Principal 1-Sep	Semiannual Interest Payment 1-Sep	1-Mar	Total Fiscal Year Requirement
	12/1/1996	\$ 1,350,000				
2008			\$ 18,000	\$ 30,981	\$ 30,519	\$ 79,500
2009			19,000	30,519	30,033	79,552
2010			20,000	30,033	29,520	79,553
2011			21,000	29,520	28,982	79,502
2012			22,000	28,982	28,418	79,400
2013			23,000	28,418	27,829	79,247
2014			24,000	27,829	27,214	79,043
2015			26,000	27,214	26,548	79,762
2016			27,000	26,548	25,856	79,404
2017			28,000	25,856	25,138	78,994
2018			30,000	25,138	24,369	79,507
2019			31,000	24,369	23,575	78,944
2020			33,000	23,575	22,729	79,304
2021			34,000	22,729	21,858	78,587
2022			36,000	21,858	20,936	78,794
2023			38,000	20,936	19,962	78,898
2024			40,000	19,962	18,937	78,899
2025			42,000	18,937	17,861	78,798
2026			44,000	17,861	16,733	78,594
2027			46,000	16,733	15,554	78,287
2028			48,000	15,554	14,324	77,878
2029			51,000	14,324	13,018	78,342
2030			53,000	13,018	11,659	77,677
2031			56,000	11,659	10,224	77,883
2032			59,000	10,224	8,713	77,937
2033			62,000	8,713	7,124	77,837
2034			65,000	7,124	5,458	77,582
2035			68,000	5,458	3,716	77,174
2036			71,000	3,716	1,896	76,612
2037			74,000	1,896	-	75,896
			<u>\$ 1,209,000</u>	<u>\$ 589,684</u>	<u>\$ 558,703</u>	<u>\$ 2,357,387</u>

Leases and Other Contracts

	Rate	Year Ended	Principal	Interest	Total Fiscal Year Requirement
2005 Crown Victoria	5.45%	2008	\$ 6,725	\$ 365	\$ 7,090
1998 GMC Dump Truck	5.20%	2008	8,215	426	8,641
Building	0.00%	2008	1,000	-	1,000
			<u>\$ 15,940</u>	<u>\$ 791</u>	<u>\$ 16,731</u>

See independent auditor's report.

Village of Mayville
Schedule of Indebtedness
March 31, 2007

Business-type Activities

General Obligation Bonds-1981 Water Supply System Revenue Bonds

Interest Rate 5%

<u>For the Fiscal Year Ending</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Principal 1-Oct</u>	<u>Semiannual Interest Payment 1-Oct</u>	<u>1-Apr</u>	<u>Total Fiscal Year Requirement</u>
	4/1/1981	\$ 830,000				
2008			\$ 30,000	\$ 12,875	\$ 12,125	\$ 55,000
2009			30,000	12,125	11,375	53,500
2010			30,000	11,375	10,625	52,000
2011			30,000	10,625	9,875	50,500
2012			30,000	9,875	9,125	49,000
2013			35,000	9,125	8,250	52,375
2014			35,000	8,250	7,375	50,625
2015			35,000	7,375	6,500	48,875
2016			40,000	6,500	5,500	52,000
2017			40,000	5,500	4,500	50,000
2018			40,000	4,500	3,500	48,000
2019			45,000	3,500	2,375	50,875
2020			45,000	2,375	1,250	48,625
2021			50,000	1,250	-	51,250
			<u>\$ 515,000</u>	<u>\$ 105,250</u>	<u>\$ 92,375</u>	<u>\$ 712,625</u>

See independent auditor's report.



Gardner | Provenzano Schauman & Thomas

CERTIFIED PUBLIC ACCOUNTANTS

Frederick C. Gardner
Giacamo Provenzano
James R. Schauman
Heather A. Thomas

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 17, 2007

Members of the Village Council
Village of Mayville, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Mayville, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Village of Mayville, Michigan's basic financial statements and have issued our report thereon dated May 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Mayville, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Members of the Village Council
May 17, 2007
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Mayville, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Village Council and is not intended and should not be used by anyone other than these specified parties.

Gardner, Pirvenzamo, Schaubman & Thomas, P.C.

Certified Public Accountants